

Aeroflot to Give Up Global Ambitions if Antitrust Has Its Way

By The Moscow Times

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Aeroflot will give up plans to become a global carrier if the Federal Anti-Monopoly Service makes it cease its strategic partnership with Sheremetyevo Airport, Vedomosti reported Thursday, citing two sources close to Aeroflot.

On Thursday, Aeroflot will discuss amendments to its development strategy up to 2025, Vedomosti reported Wednesday.

The company might have to settle for twofold growth in passenger traffic, or up to 42 million passengers, instead of fivefold growth, or up to 74 million passengers, as was previously thought.

The company has to rethink its long-term development because the contract signed with Sheremetyevo Airport last autumn might violate antitrust law. The watchdog believes that the contract, which gives Aeroflot priority service, may restrict other carriers from gaining access to the airport. On Monday, it announced that it had opened an investigation.

Sheremetyevo is a hub for Aeroflot and its alliance partners, which account for 80 percent of all flights to and from Sheremetyevo, said Aeroflot board member Sergei Alexashenko.

If the contract is annulled, no new runway will be built, and the terminal won't increase its capacity, he told Vedomosti.

Aeroflot will face significant limitations in 2014, he said, and by 2015 the company's growth will have stalled.

"But it is unlikely that Aeroflot will give up its ambitions to become a global player," Alexashenko told Vedomosti.

Michael Vasylenko, Sheremetyevo's CEO, said the airport is working on plans to improve its infrastructure, including construction of a new terminal by 2015 and of a third runaway.

"It is possible that we won't meet Aeroflot's ambitions, but we're having meetings with the company and coordinating our plans, and we are no less interested in their success," he said.

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